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SIPDIS
TELEGRAM

May 24, 2004

To: No Action Addressee
Action: Unknown
From: AMEMBASSY ABU DHABI (ABU DHABI 1701 - ROUTINE)
TAGS: EPET, PGOV, BEXP, ENRG, ECON, EINV
Captions: None
Subject: UAEG RECEIVES DEMARCHE ON ILSA
Ref: None

C O N F I D E N T I A L ABU DHABI 01701

SIPDIS
CXABU:
ACTION: POL
INFO: RSO AMB DCM P/M ECON
Laser1:
INFO: FCS

DISSEMINATION: POL
CHARGE: PROG

APPROVED: DCM: RALBRIGHT
DRAFTED: ECON: CCRUMPLER
Cleared: CGD: JDAVIS

VZCZCADI356
RR RUEHC RUEHZM RUEHDE RUCPDOC RHEBAAA RUEHLO
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DE RUEHAD #1701 1451148
ZNY CCCCC ZZH
R 241148Z MAY 04
FM AMEMBASSY ABU DHABI
TO RUEHC/SECSTATE WASHDC 4497
INFO RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE
RUEHDE/AMCONSUL DUBAI 4033
RUCPDOC/USDOC WASHDC
RHEBAAA/DEPT OF ENERGY WASHDC
RUEHLO/AMEMBASSY LONDON 0804
RUEHFR/AMEMBASSY PARIS 0841

C O N F I D E N T I A L ABU DHABI 001701

SIPDIS

E.O. 12958: DECL 05/24/08
TAGS: EPET PGOV BEXP ENRG ECON EINV TC IR
SUBJECT: UAEG RECEIVES DEMARCHE ON ILSA

REFS: A) STATE 108728

B) DUBAI 1948 AND PREVIOUS
C) ABU DHABI 1540

¶1. (U) Classified by Deputy Chief of Mission Richard A. Albright, for reasons 1.5 (B) and (D).

¶2. (C) The Ambassador raised ref A talking points May 23 with UAE Deputy Prime Minister and Minister of State for Foreign Affairs Hamdan bin Zayed Al-Nahyan (HbZ) and expressed USG concern about reports of plans to import

Iranian gas to the UAE. HbZ noted that the UAE's future energy needs require looking for alternate sources of gas, but the UAEG did not want to provoke USG sanctions under ILSA. HbZ added that he met with an Iranian official recently to discuss the pending gas deal, which Tehran is eager to conclude to begin gas exports to the UAE within six months. He reiterated to the Ambassador that all gas deals with Iran are pending, and no company in the UAE would move forward without the explicit consent of Abu Dhabi.

¶3. (C) Separately, the Ambassador discussed USG concerns with Abu Dhabi Deputy Crown Prince and UAE Armed Forces Chief of Staff Mohammed bin Zayed Al-Nahyan (MbZ) during his recent visit to Washington. MbZ responded that the UAEG is aware of the ILSA statute and would not violate the sanctions. MbZ reportedly also had a very positive meeting with Occidental Petroleum Chairman Dr. Ray Irani during his official visit to Washington. According to Oxy representatives, MbZ allayed their concerns about the negative repercussions a gas deal with Iran could pose to the Dolphin project, and explained that the UAE's future gas requirements far surpass what the Dolphin project is able to provide. Any gas deal with Iran would seek to satisfy the UAE's longer-term gas deficit.

¶4. (C) CG raised reftel talking points May 23 with the Chief of the Ruler's court in Dubai, Dr. Khalifa Ahmed Suleiman, and with Crescent Oil Chairman Hamid Jaffar in Sharjah. Both men listened closely and said that they understood the message. CG also raised the talking points with Brig. Michael Barclay, a British expat who handles many petroleum-related issues for the de facto ruler of Dubai, Shaykh Mohammed bin Rashid Al-Maktoum (MbR). Barclay said that Dubai was "talking to everyone in the neighborhood" who had gas, which was something Dubai desperately needed, but that no decisions or deals had been reached. Barclay said that Dubai had no intention of violating ILSA, and had lawyers studying that situation closely. He said that Dubai officials also understood that U.S. concerns went beyond what was stipulated in ILSA. His longstanding marching orders had been "don't do anything that would give offense to the U.S.," and those orders remained in effect.

¶5. (C) In recent weeks, Econoff in Abu Dhabi has discussed our concerns about Iranian gas imports with Chief Operating Officer of Mubadala (and former Projects Manager for UAE Offsets Group) Khaldoon Al-Mubarak (ref C). Mubarak is cognizant of Washington's sensitivities to any proposed gas deal with Tehran, and undertook to avoid conflict with our ILSA statute. We will seek additional details from our interlocutors on the pending gas deals, including information on the specific source of the gas to be imported from Iran, the value of the proposed agreements, and the volumes contemplated.

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